

BETHLEHEM AREA NEWS

Major South Bethlehem intersection to transform by year's end

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Construction is already underway at the corner of Third and New streets in South Bethlehem.(Sara K. Satullo | For lehighvalleylive.com)

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Bethlehem's lucrative economic development incentive zone is set to provide a \$6 million boost to its first major project.

The Bethlehem Revitalization and Improvement Authority on Thursday voted to provide a \$6 million loan for developer Dennis Benner's \$24 million project known as the the Gateway at Greenway Park on South Side Bethlehem.

Benner will back the loan and be on the hook if the projected City Revitalization and Improvement Zone taxes don't materialize. Known as the CRIZ, the zone allows certain future state and local tax revenues -- including sales and liquor -- created by CRIZ projects to pay off construction loans.

"This project's taxes fund this project's loan," explained authority solicitor Valentino DiGiorgio.

The authority is taking out the loan on Benner's behalf and it will act as a pass-through conduit for the money. Benner is also taking out another \$12 million loan, the developer told the board.

Benner is building a six-story, mixed-use building at the intersection of Third and South New streets next to a new Bethlehem Parking Authority garage, which is also under construction. St. Luke's University Health Network and Lehigh University are the building's largest announced tenants.

"I think it will be transformative for South Bethlehem," Benner said.

Benner expects the building to be occupied by the end of the year, he said.

"It'll start coming out of the ground real fast," he said after the meeting.

Authority board member Ann McHale said she gets so excited driving past the property knowing she's been a part of this major project.

"I just can't wait until it's finished," she said.

Benner said there are ongoing discussions about the footprint of the announced tenants and there has been significant interest in the retail space. The developer plans to wait until the first floor is completed before signing a lease with a tenant.

"We're very encouraged by what we are dealing with," he said.

Authority member John Filipos abstained from Thursday's vote because his firm had done some valuation work for the bank issuing the loan.

The Gateway at Greenway Park is Bethlehem's first significant CRIZ project since it was one of two cities selected in December of 2013. Last year, lawmakers tweaked the CRIZ law to eliminate banks' wariness at offering developers of CRIZ projects loans.

BethWorks Renovations, headed by developer Michael Perrucci, is behind the CRIZ's one success story -- the Social Still distillery. Because it was a small project BethWorks was able to take a risk on it, the developers have said.

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The CRIZ is modeled off of Allentown's Neighborhood Improvement Zone, although it is a much less powerful financial tool. CRIZ developers can only collect certain taxes generated by new Pennsylvania businesses or ones that expand above a baseline.

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